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Operational activities for development: South-South cooperation for development

The state of South-South cooperation

Report of the Secretary-General

Summary

The present report highlights the changing nature of South-South interactions and how they have impacted development opportunities across the global South. The report is submitted in response to the request of the General Assembly in its resolution 64/221, that the Secretary-General prepare a comprehensive report on the state of South-South cooperation for submission at its sixty-sixth session. Covering the period from 2009 to 2011, in the wake of the 2008-2009 economic crisis, the report presents data showing a more resilient South, which has embraced deeper and more institutionalized integration, resulting in more robust economic, political and social interactions. These increased connections have led to stronger demand for multilateral support to South-South and triangular cooperation, called for both by developed and developing countries, which require further coordination as well as deeper and more targeted financial resources.

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I. Introduction

1. The present report, which was prepared in response to the request of the General Assembly in its resolution 64/221, provides an overview and analysis of the trends and significant developments in South-South cooperation during the period from 2009 to mid-2011.

2. During the period under review, countries such as Brazil, China, India and South Africa have emerged as the leaders of a new geography of growth, as evidenced by their remarkable resilience in the face of the 2008-2009 economic crisis. Economists have noted that these emerging economies have not only become the lead drivers of global economic growth and recovery, they have also improved the economic fortunes of poorer countries owing, in large part, to the rising demand from those countries for goods and services, which accounts for the current surge in South-South trade and investment.[1]

3. In recent years there has been a marked deepening of relations among various stakeholders in the area of South-South and triangular cooperation. Whether on a global, interregional, regional or national scale, Governments have sought to consolidate the legal foundations of cooperation while multilateral bodies have continued to play a brokering role between developing and developed countries, including local stakeholders.

4. In spite of the remarkable progress of many emerging economies, the past several decades have witnessed both economic convergence, as emerging economies catch up with the developed world, and economic divergence in the case of the bottom billion, who are falling further behind. Worldwide, the majority of the poor are found within the middle-income countries of the South that have been hit hard by the 2008 economic recession, which has increased their vulnerability to rising food prices, growing unemployment, inadequate access to health care and the social and environmental effects of climate change.[2]

5. In addition, concerns about transparency and accountability in the delivery of assistance have arisen in recent years as emerging economies have undertaken more significant roles in assisting other developing countries. At the same time, uneven development among countries of the South has highlighted the need for measures to correct ongoing asymmetric trade and investment patterns.

6. Despite such challenges, a global consensus has emerged in support of South-South and triangular cooperation, with renewed commitments on the part of States, non-State actors and regional and international organizations to harness emerging opportunities to meet the internationally agreed development goals, including the Millennium Development Goals. New partnerships, innovative funding and support mechanisms have been established to address a range of social and economic challenges at the global, regional and local levels. The United Nations and other multilateral organizations have also spurred more inclusive partnerships and

[1] See Organization for Economic Cooperation and Development, *Perspectives on Global Development, 2010: Shifting Wealth*, June 2010.

[2] See Ravi Kanbur and Andy Sumner, "Poor Countries or Poor People? Development Assistance and the New Geography of Global Poverty" (see http://kanbur.dyson.cornell.edu/papers/KanburSumnerPoorCountriesOrPoorPeople.pdf).

dialogue, with the increased participation of developing countries, and have now articulated principles to guide South-South cooperation.

7. The report has been prepared based on information contained in recent United Nations reports, in the reports of other multilateral and non-governmental organizations, a recent review of United Nations support to South-South cooperation carried out by the Joint Inspection Unit[3] and other research and studies in order to provide a broad overview of South-South issues and trends. The report presents illustrative rather than exhaustive examples of South-South interactions during the period under review.

II. The state of South-South and triangular cooperation

A. Enhanced economic resilience

8. Between 2009 and 2011, South-South relations were characterized by an increase in economic growth and in levels of trade and investment, along with growing levels of inequality and integration, and a rising demand for both South-South and triangular cooperation initiatives. South-South interactions are leading to deep changes in the fabric of international relations and have begun to yield a proven development impact, with countries of the South now constituting a powerful force in the global economy.

9. As of 2008, developing countries accounted for around 37 per cent of global trade and nearly three quarters of global growth, with South-South flows making up about half of that total.[1] Economists have predicted that by 2030 South-South cooperation will be one of the main engines of growth, accounting for 57 per cent of the world's gross domestic product (GDP). On average, growth rates among developing countries rose from an estimated 1.2 per cent in 2009 to 5.2 per cent in 2010. The GDP of developing countries is expected to increase further, to 5.8 per cent, in 2011.[1]

10. Economic ties between developing countries have strengthened as new centres of growth have emerged. Between 1990 and 2008, world trade expanded fourfold, while South-South trade multiplied by more than 20 times its initial levels over the same period of time. India is now a key trading partner for sub-Saharan Africa, serving as one of the top five sources of goods for at least one third of African countries, importing $20.7 billion worth of goods and commodities and exporting $10.3 billion to Africa in 2010. Brazil's yearly trade with Africa increased from $3.1 billion in 2000 to $26 billion in 2008.[1] China has made it a priority to establish close ties with other developing countries through increased trade, investment and manufacturing agreements, which led the Organization of Economic Cooperation and Development (OECD) to report, in 2010, that a 1 percentage point increase in China's growth rate is estimated to result in a 0.2 percentage increase in the growth rates of low-income countries.[1]

11. During the same time period, developing economies have increasingly attracted private investment and capital: net private capital flows increased from $110 billion in 2008 to about $386 billion in 2009, and such flows are estimated to

[3] See JIU/REP/2011/3 (http://www.unjiu.org).

have jumped to $659 billion in 2010. Official development assistance (ODA) levels among developing countries have also increased significantly, from $9.5 to 12.1 billion in 2006 to $12 to 13.9 billion in 2008.[4]

12. The period under review has been characterized by increasing efforts towards integration among the countries of the global South, specifically through increased economic and political ties, as witnessed by the creation and formalization of institutions and cooperation structures. From Africa to Asia and to Latin America, there is a renewed impetus among the countries of the South to engage in crisis management and the pooling of resources for development, as illustrated by: the activities of the Economic Community of West African States (ECOWAS) and the African Union in Côte d'Ivoire; the role played by the Gulf Cooperation Council in Yemen; and the creation of the Bank of the South (Banco del Sur), a multi-country monetary fund and lending organization founded by Argentina, Bolivia (Plurinational State of), Ecuador, Paraguay, Uruguay and Venezuela (Bolivarian Republic of) at the Second Africa-South America Summit in Caracas in 2009.

13. As a result of a number of factors, including the economic recession, the demonstrated resilience of developing countries and the increased recognition of the opportunities within the South, rising demand for South-South and triangular cooperation has also advanced cooperative efforts. In 2009, members of OECD experienced significant declines in total GDP and a 3.3 per cent drop in growth levels, while donations of earmarked funding for emergency assistance to the United Nations declined and net capital flows to developing countries dropped significantly, as did global remittance levels, lowering by 7.3 to 10.1 per cent.[3] Those factors combined to drive the debate on international cooperation for development beyond traditional foreign aid programmes towards complementary methods of delivering assistance, including South-South and triangular cooperation. As a result, the Group of Eight (G8), OECD, the European Union, United Nations entities and the World Bank have all undertaken concrete steps to join developing countries in South-South and triangular partnerships and to promote in-depth policy dialogue and collaboration for the more efficient and cost-effective allocation of assistance.[5]

14. Global factors such as climate change, food security, climbing energy prices and disease also pointed towards the need for increased South-South and triangular efforts. Current estimates show that by 2050 water resources will have diminished by 10 to 30 per cent in dry regions, posing a threat both to water and food supplies. This scenario, combined with diminishing viable farmland worldwide, has led to controversial land deals between developing countries as well as increased negotiations and interactions among the countries of the South in preparation for the upcoming United Nations Conference on Sustainable Development, which is to be held in Brazil in June 2012. Developing countries are seeking to provide assistance to countries in need in these areas, in particular through multilateral assistance,

[4] See European Union, Conference on development cooperation in times of crisis and on achieving the Millennium Development Goals, Madrid, 9-10 June 2010.

[5] For example, at the 2011 high-level conference in the European Parliament on how inclusive ownership and South-South cooperation could boost development aid provided by the European Union, the Minister for Foreign Affairs of Costa Rica acknowledged that South-South cooperation can be more efficient and effective in identifying and implementing solutions, increasing the cost-effectiveness, promoting the transfer of appropriate technologies and ensuring local ownership, leadership and capacity-building.

including through the Special Programme for Food Security and of the Food and Agriculture Organization of the United Nations (FAO).

15. Although the majority of countries of the global South continued to employ South-South cooperation in the framework of technical cooperation, the increasing formalization of interactions through country-to-continent strategies and the clarification of development assistance strategies of some of the larger emerging countries, including Brazil, China and India, were driven by the increasing demand for South-South exchanges during the period.[6] Distinctions between South-South development assistance and traditional ODA also became clearer over the course of the reporting period. One emerging notable distinction revealed that countries of the global South providing assistance tended to use a multi-pronged development strategy, incorporating trade, investment and aid, which was often used for infrastructure projects or for building productive capacities. Such assistance included concessional loans, grants, lines of credit and technical assistance, as well as support channelled through multilateral institutions. Distinctions between South-South and traditional assistance were also clarified in the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation,[7] in which the guiding principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit were recognized and reaffirmed.

B. Further deepening of regional integration

16. While areas of cooperation among developing countries have broadened, they have also deepened, particularly within regions. During the period under review, numerous regional cooperation organizations have worked to expand frameworks and fields for trade, investment and finance within the global South, which, in turn, has led to efforts to enhance the institutional strength of the organizations themselves. Apart from economic cooperation, there has been closer political cooperation, including strengthened collective security arrangements and information systems for knowledge and experience sharing. New actors have also appeared on the scene, as regional banks and the import and export banks of emerging economies have assumed a bigger role in financing South-South initiatives.

17. Efforts to expand economic space in Africa range from steps to create greater monetary integration, as seen in ECOWAS and the East African Community, to the establishment of free trade areas covering countries in the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community, which, together, represent a combined population of nearly 600 million people, a total GDP of approximately $1 trillion and 57 per cent of the total population of the States themselves of the African Union.

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[6] China's white paper on foreign aid, is available from http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm; for a discussion of India's Africa strategy, see Naidu, Sanusha, "India's Growing Africa Strategy", *Review of African Political Economy*, vol. 35, No. 115; for more on Brazil's policy see http://www.economist.com/node/16592455 and the report of the Department for Economic and Social Affairs, *Development Cooperation for the Millennium Development Goals: Maximizing Results* (ST/ESA/326).

[7] Resolution 64/222, annex, paras. 11 and 18.

18. In Asia, arrangements have advanced to expand and ease free trade, as evidenced by the efforts of the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation organization to coordinate regulatory reform, connectivity, competitive policies, the development of small- and medium-sized enterprises, disaster management and food security in the region. Work is also progressing on furthering regional economic integration through the formalization of the ASEAN-China Free Trade Area in January 2010 and the establishment of an Asian economic community by 2015, an ASEAN Free Trade Area by 2020 and a free trade area among the seven members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.[8]

19. Regional groupings have also increased their political linkages, as illustrated by the establishment of a community court of justice by ECOWAS, including efforts to strengthen its security arm through its Allied Armed Forces. Another example is the effort of the members of the East African Community to achieve full political federation by 2015. In addition, over the period from 2009 to 2011, regional organizations have increasingly been intervening in domestic conflicts, either politically or militarily, in countries such as Bahrain, Côte d'Ivoire, Honduras, the Libyan Arab Jamahiriya, the Sudan, South Sudan and Yemen.[9]

20. The increasing demand for regional initiatives has encouraged regional cooperation organizations to strengthen their institutional arrangements. This has been a major priority in Africa in particular, where the New Partnership for Africa's Development, spearheaded by the African Union, has recently become a full-fledged agency working to accelerate capacity-building and sustainable development through key partnerships at the regional and multilateral levels. In 2011, the Partnership launched the Africa Platform for Development Effectiveness to mobilize policymakers, practitioners and a wide range of stakeholders, with the aim of achieving sustainable development, using peer learning and sharing of knowledge and experience through existing networks and communities of practice, and promoting capacity development, aid effectiveness and South-South Cooperation in the region.[10] In a similar vein, Sri Lanka, India, Indonesia and the Disaster Management Centre of the South Asian Association for Regional Cooperation (SAARC) have provided technical assistance in order to adapt internationally accepted methodologies to the Sri Lankan context, based on the experiences of other Asian countries, through the use of "DesInventar", a disaster information management system. The system is being used to maintain historical records of disaster occurrences in Sri Lanka over the past 30 years.

21. Interregional mechanisms have also been strengthened during the period under review, including among the countries of the Latin America and Caribbean region. The Organization of Ibero-American States, which consists of 24 Spanish- and Portuguese-speaking countries in Latin America, the Caribbean and Europe, has stepped up efforts to promote South-South and triangular cooperation between its member States through its Ibero-American Programme to Strengthen South-South

[8] See http://www.bimstec.org/about_bimstec.html.

[9] See Bahrain intervention (http://www.alarabiya.net/articles/2011/03/14/141445.html); Yemen intervention (http://www.voanews.com/english/news/middle-east/Protests-in-Yemen-Amid-Regional-Efforts-to-Mediate-119565559.html); Côte d'Ivoire intervention (http://news.xinhuanet.com/english2010/world/2010-12/25/c_13663784.htm); and Libyan Arab Jamahiriya intervention (http://allafrica.com/view/group/main/main/id/00012794.html).

[10] http://www.africa-platform.org.

Cooperation, which became operational in January 2010. The focus of the programme is the development and enhancement of information systems in order to identify good practices and generate data and statistical records to generate greater information about and accountability in the area of South-South and triangular cooperation in the region.

22. Increased involvement of the regional development banks has also been a part of South-South cooperation over the past two years, in particular in their support for regional capacity-building efforts and for the strengthening of public-private partnerships at the interregional and regional levels. The Asian Development Bank, the European Bank for Reconstruction and Development and the Islamic Development Bank have all promoted wide-ranging partnerships and projects in areas such as information and communications technology, health rehabilitation and educational and professional institutions in a number of regions, including sub-Saharan Africa and Central Asia. Both the Asian Development Bank and the African Development Bank were instrumental in promoting trade in their respective continents, through the provision of $2.8 billion in direct financing for firms by the Asian Development Bank, and through support to commercial banks and financial institutions on the scale of $1 billion by the African Development Bank. In addition, the African Development Bank has financed a number of infrastructure programmes throughout the continent during this period.

23. Apart from the regional development banks, banks in emerging economies are also playing a greater role in South-South development, both regionally and interregionally, as in the case of Brazil, China and India. The Export-Import Bank of China has financed the construction of three of the biggest hydroelectric dams in Ecuador. In 2011, India extended a $5 billion credit line to countries in Africa while also writing off debt estimated at $24 million as part of the Heavily Indebted Poor Countries Initiative (HIPC).[11] Brazil, through its National Economic and Social Development Bank (BNDES), has also funded numerous infrastructure projects in the country, particularly in the areas of fossil fuel extraction, transportation infrastructure and hydroelectric dams. In addition, in 2009, as noted above, seven Latin American countries signed the historic charter of the Bank of the South, with initial contributions of $4 billion from Argentina, Brazil and Venezuela (Bolivarian Republic of).

24. Overall, South-South and triangular cooperation has been characterized by a widening of focus and a deepening of interactions, particularly with the increased institutionalization of regional cooperation efforts, all of which serve to create the conditions for more robust and meaningful bilateral, regional and global cooperation.

C. More robust interactions among developing countries

25. During the reporting period, in addition to the increase in trade and investment noted above, there was also intensified bilateral cooperation among developing

[11] See Office of the Special Adviser on Africa, *Africa's Cooperation with New and Emerging Development Partners: Options for Africa's Development*, New York, 2010 (see http://www.un.org/africa/osaa/reports/emerging_economies_2009.pdf).

countries in terms of financing for development, knowledge and experience sharing, networking, institution building and the formalization of cooperative arrangements.

26. In regard to financing for development, the speed at which South-South development assistance has been rising in recent years is significant. Equally notable is the growing role of philanthropic organizations in the South, including foundations, trust funds and civil society organizations funded by endowments, as well as by wealthy individuals and corporations. In 2010, the Department of Economic and Social Affairs of the Secretariat reported that development assistance in the global South, in the form of concessional loans and grants had risen rapidly in recent years, from $8.6 billion in 2006 to $15.3 billion in 2008. The report noted that the largest providers of development assistance were China, Saudi Arabia and Venezuela (Bolivarian Republic of), followed by Arab agencies and India, with the top three providers accounting for 75 per cent of all such development cooperation in 2008.[12]

27. In providing financial assistance, it was found that such assistance initiatives tend to target regional or subregional neighbours in order to strengthen political ties, trade and investment and that they are generally more convenient in terms of management, given the geographical proximity.[13] One example of this trend is the Mexico-Chile Joint Cooperation Fund to Finance South-South Cooperation. It should be noted that interregional funding arrangements are also on the rise. Both China and India, for example, have developed cooperation programmes focused on providing aid to Africa, China through the Forum on China-Africa Cooperation and India through its Indian Technical and Economic Cooperation Programme and the Special Commonwealth Assistance for Africa Programme.[14] In addition, the Bank of the South, set up in November 2009, is working to promote South-South development financing, a goal set by the South Centre in 2000.

28. Knowledge and experience sharing continue to be a major priority in South-South technical cooperation exchanges. China and India, for example, have stepped up bilateral links with countries in sub-Saharan Africa for this purpose. The South-South Cooperation Network was established by China to facilitate the sharing of information, joint research, technical exchanges and public-private partnerships in the area of applied technologies in the development of microhydropower, biogas and solar energy with other developing countries. India's Pan-Africa e-network project facilitates the transfer of medical information through teleconferences and teleconsultations between India and the countries members of the African Union. Developing countries, including Brazil, Chile, China, Egypt, El Salvador, India,

[12] For a more extended discussion of recent trends in South-South development assistance see: Department of Economic and Social Affairs, *Development Cooperation for the Millennium Development Goals: Maximizing Results*, 2010 (ST/ESA/326); and Park, Kang-Ho, "New Development Partners and a Global Development Partnership" in *Catalyzing Development: A New Vision for Aid*, Homi Kharas, Koji Makino and Woojin Jun eds., Brookings Institution Press, 2011, Washington, D.C.

[13] See ST/ESA/326.

[14] The Forum on China-Africa Cooperation has formed a China-Africa Development Fund to support Chinese firms investing in Africa and provided preferential loans amounting to $3 billion and trade credits of $2 billion from 2007 to 2009. In 2010, China funded infrastructure projects in exchange for access to natural resources and its bilateral trade with Africa amounted to $126.9 billion. India has assisted 156 developing countries, providing over $2 billion in technical assistance since its inception in 1964.

Indonesia, Malaysia Singapore, Thailand, Tunisia and Turkey, have also been involved in providing training opportunities for citizens of other members of the global South in a variety of sectors. India has been active in sharing its expertise in software technology by providing annual training sessions for about 5,000 professionals from other developing countries in areas such as: information and communications technology, telecommunications, small and medium-sized enterprises, rural development and renewable energy. Qatar, which has taken a leading role in promoting South-South cooperation in the oil and gas sectors, has brought together representatives of 42 countries from Africa, Asia, the Middle East and Latin America, as well as from international organizations, to share and exchange experiences in the field of effective hydrocarbon management.

29. Institution-building has become another focus of South-South initiatives. Brazil, India and Turkey have all made notable contributions to institution-building among the countries of the South. The Brazilian Cooperation Agency has been coordinating international development activities with a number of national institutions, including the Brazilian Agricultural Research Corporation, in order to implement structural impact projects in the areas of agriculture and food security. Brazil has also supported the "cotton-4-project" in Mali, which aims to increase the production and raise the quality of the cotton produced in that country, while in Senegal, it is supporting the Senegalese Agricultural Research Institute in its efforts to increase the quality and the competitiveness of rice production using the technical expertise of the Research Corporation. Through the India-Africa Forum Summit, India has supported the establishment of: the India-Africa Institute of Foreign Trade in Uganda; the India-Africa Institute of Information Technology in Ghana; the India-Africa Diamond Institute in Botswana; and the India-Africa Institute of Education, Planning and Administration in Burundi. The Turkish International Development and Cooperation Agency has increased the number of its programme coordination offices to 26 in 23 developing countries across Central Asia, the Caucasus, the Balkans, the Middle East and, recently, in sub-Saharan Africa, aiming to advance institutional development, capacity-building, the development of human resources, education, health systems, cultural programmes, agriculture-driven economies, preservation of the environment and dissemination of information.

30. Within the past five years, the trend of increasingly formalized agreements among developing countries has been gaining ground. This is evident in the number of regional integration schemes and country-to-continent and continent-to-continent forums that China, Egypt, India, South Africa, Turkey and Venezuela (Bolivarian Republic of) have engaged in with African countries. At the second Africa-South America Summit, held in the Bolivarian Republic of Venezuela in 2009, delegations from both continents established a basis for economic cooperation and issued an agreement that included commitments to the strengthening of South-South cooperation in the trade, security, energy and mining sectors.

31. Since countries of the global South are now in an improved position to share their expertise in specific development sectors with other developing countries through professional, highly regularized institutional mechanisms, the remaining challenge is to strengthen genuine partnerships and reduce bargaining power asymmetries that tend to lower benefits for the weaker parties in South-South relations.

D. Stronger triangular partnerships

32. The period from 2009 to 2011 has seen the establishment of stronger institutional mechanisms for promoting partnerships, knowledge and technology sharing and peer-learning throughout the South. Increasingly, South-South and triangular modalities have been adopted by a variety of stakeholders to ensure inclusivity and effectiveness in the delivery of assistance and to complement North-South cooperation.

33. In recognition of the increased relevance of South-South development, developed countries have marshalled greater support for South-South and triangular cooperation. In 2010, for example, the Group of Twenty (G20) issued its multi-year action plan on development, highlighting South-South and triangular cooperation as important and innovative tools for information sharing and domestic resource mobilization for sustainable development.[15] In June 2011 the G20 issued an action plan on food price volatility and agriculture, in which it recognized the decision of the African Union to set up a development agency under the auspices of the New Partnership for Africa's Development to improve access for African farmers to farming inputs and to promote equitable, mutually beneficial agricultural trade agreements, as well as to improve the farming capacities of African countries.[16] The OECD Development Assistance Committee has also taken keen interest in South-South and triangular cooperation, as seen in the work of its task team on South-South cooperation and its organization, in March 2010, of the High-level Event on South-South Cooperation and Capacity Development in Bogotá, held in preparation for the Fourth High-level Forum on Aid Effectiveness, which will take place in Busan, Republic of Korea, in late 2011.

34. With increasing interest in and demand for triangular partnerships originating from both developing and developed countries, traditional donor agencies are increasingly adopting the triangular cooperation modality to increase the impact of development projects through innovative joint-funding programmes. A study conducted with the support of the Japan International Cooperation Agency and the Special Unit for South-South Cooperation of the United Nations Development Programme (UNDP), which covers the views of donors and of pivotal and recipient countries, reveals the benefits and incentives driving the adoption of triangular methodologies by international development agencies and multilateral organizations of the global North.

35. In general, the study revealed a greater degree of accountability and transparency within triangular interactions. Pivotal countries prized the support of donors and international organizations in fields such as technical capacity development, strengthening of policy and institutional frameworks and the acquisition of know-how in the arena of international cooperation, which enhances their credibility and reputation. In addition, beneficiary countries noted the advantage of having an intermediary to facilitate information sharing and partnering with pivotal countries; the increased credibility of the cooperation extended by pivotal countries; and the scaling-up of such cooperation, including the provision of

[15] Seoul Summit Declaration (see http://www.g20.org/Documents2010/11/seoulsummit_annexes.pdf).

[16] See http://www.nepad.org/ceo039s-office/news/2337/aunepad-declaration-about-g20-action-plan-food-price-volatility-and-agricul.

facilities and equipment by donors. Donors and international organizations noted the advantages of using the experience and know-how of the developing countries themselves as well as the increase in assistance to pivotal countries within triangular arrangements. The study also highlighted the challenges of higher transaction costs and tensions over policy coordination, while noting that most parties surveyed felt that the benefits accrued from triangular cooperation outweighed the drawbacks.[17]

36. The areas receiving the most support through triangular cooperation activities include: capacity development for the effective management of South-South cooperation; knowledge and information sharing; and the implementation of South-South programmes.

37. In terms of capacity development, efforts have focused on providing support to development cooperation agencies of the South in the establishment of good practices. In the 2010 report of the Ibero-American General Secretariat on South-South cooperation, analysis of data from 2009 triangular cooperation projects in Latin America revealed that roughly half of all cooperation projects were focused on economic (30 per cent) and social activities (22 per cent) and the other half were concentrated in the area of institutional capacity-building for public institutions and civil society, and on the environment.[18] Government capacity-building is the basis of a UNDP project in Afghanistan sponsored by the United States of America, which seeks to promote democratic policing policies. The project, which is ongoing, has involved a training session for Afghan police officers through interactions with their counterparts in Nepal, focusing on community policing activities, dealing, in particular, with the prevention of and response to gender-based violence. Traditional donors, such as the Japan International Cooperation Agency, have focused on issues such as capacity development in food security and social protection, collaborating with the Coalition for African Rice Development and providing support for the ASEAN/ILO-Japan industrial relations project and for the establishment of a regional centre promoting the empowerment of persons with disabilities through the use of South-South sharing to exchange best practices.

38. The German Agency for International Cooperation has been particularly involved in information sharing for development. It has supported the project on the sharing of lessons learned in environmental management and solid waste practices by the Government of Mexico, which has been used to train environmental workers in the Dominican Republic, Ecuador, El Salvador and Guatemala, and has led to the creation of a Latin American solid waste portal, the GIRESOL Network, to facilitate the sharing of information and resources about integrated waste management in the region.[18] The Spanish Agency for International Development Cooperation has also prioritized knowledge sharing in its efforts in the field of triangular cooperation as shown by its funding and facilitation of intergovernmental dialogue and cooperation among donors, including the meeting on "European Union triangular cooperation in the context of aid effectiveness", held in Madrid in March 2010.

[17] See United Nations Development Programme Special Unit for South-South Cooperation, "Enhancing South-South and Triangular Cooperation: Study of the Current Situation and Existing Good Practices in Policy, Institutions and Operations of South-South and Triangular Cooperation", 2009 (see http://ssc.undp.org).

[18] See Ibero-American General Secretariat, *Report on South-South Cooperation in Ibero-America, 2010*, November 2010 (see www.segib.org).

39. Project implementation remains a primary focus for donor countries, whether through the creation of joint cooperation funds for triangular cooperation, such as those created by Spain, with Chile and Argentina, and Germany has initiated with Chile, or through the execution of technical assistance projects, such as those supported by partners such as the German Agency for International Cooperation and the Japan International Cooperation Agency. As a leader in this field, in 2010, the Japan International Cooperation Agency through its 15 offices, both in Japan and abroad, assisted an estimated 12,000 participants worldwide through some 1,300 programmes, ranging from disaster prevention support and training to health-care training to trade and investment facilitation.[19]

E. Enhanced support from the United Nations system

40. During the period under review, Member States have consistently shown their firm commitment to South-South initiatives and provided clear direction to the United Nations development system for the effective catalysation and support for South-South cooperation. In keeping with the trends of the previous biennium, and in response to directives from Member States, the United Nations development system has scaled up its efforts to enhance and strengthen South-South cooperation by: further mainstreaming South-South cooperation in the Organization's policy frameworks; creating strategic partnerships for such cooperation; making South-South cooperation a priority focus in long and medium-term planning instruments; undertaking more coherent and coordinated approaches, including joint programming; establishing or formalizing centres of excellence, led by countries of the global South, for better knowledge sharing and solutions exchange; and undertaking innovative resource mobilization efforts for South-South cooperation.

41. Over the same time period, Member States have affirmed their commitment to South-South cooperation and provided increased direction to multilateral processes through major intergovernmental bodies. Significantly, the Group of 77 (G77) and China continued to provide political guidance for South-South cooperation by leading the debate on this subject at almost every major United Nations conference, as well as within the General Assembly and the Economic and Social Council, by stressing the importance of the support needed from the United Nations system for such cooperation in its Development Platform for the South, launched in 2008, and by underscoring the broad principles of South-South cooperation in its 2009 and 2010 ministerial declarations. In 2010, the G77 and China also demonstrated strong leadership in supporting the development and approval of the multi-year Plan of Action for South-South Cooperation on Biodiversity for Development. In addition, the conclusion of the third round of negotiations on the Agreement on the Global System of Trade Preferences among Developing Countries in December 2010 in São Paulo, Brazil, under the auspices of the United Nations Conference on Trade and Development (UNCTAD), is another illustration of the firm commitment of the G77 and China to promote trade among its membership. The commitment of the States Members of the United Nations to South-South approaches to development was clearly expressed, once again, when they gathered in Nairobi in December 2009 at the High-level United Nations Conference on South-South Cooperation. The "Nairobi outcome document" of the Conference, which was subsequently endorsed

[19] See http://www.jica.go.jp/english/news/field/2011/20110426_01.html.

on 21 December 2009 by the General Assembly in its resolution 64/222, provides a clear set of principles and broad objectives for South-South cooperation, as well as priority issues and areas requiring the support of the international community, especially from the entities of the United Nations development system.

42. In terms of mainstreaming South-South cooperation through policy frameworks and planning instruments, the 2008 decision of the Policy Committee of the Secretary-General called upon the entities of the United Nations development system to adopt concrete measures to enhance their support for South-South cooperation and urged senior officials to emphasize the strong commitment of the United Nation to South-South cooperation at intergovernmental forums as a critical tool for achieving the Millennium Development Goals and other internationally agreed development goals. At its 2008 substantive session, the Economic and Social Council convened a meeting with the Executive Secretaries of the United Nations regional commissions, stressing their importance as an essential "pillar for South-South cooperation". In addition, the Nairobi outcome document called on the United Nations funds, programmes and specialized agencies to take concrete measures to mainstream support for South-South and triangular cooperation and encourage closer links between regional commissions, centres of excellence and regional and subregional economic groupings.[20]

43. As a result of the adoption of the above policy frameworks and directives, more members of the United Nations system have developed planning instruments incorporating South-South cooperation. This growing phenomenon is reflected in the inclusion of South-South and triangular cooperation in 15 annual reports and 17 medium-term plans recently prepared by entities of the United Nations system.[3] In its strategic plan 2008-2012, UNDP highlights South-South cooperation as one of its principle approaches for development effectiveness in the implementation of its country and regional programmes. In addition, a recent report of the Joint Inspection Unit[3] noted that most organizations of the common system had programmes or projects identified as supporting South-South cooperation at the headquarters, regional and/or country levels, including FAO, the International Labour Organization (ILO), the International Trade Centre (ITC), UNCTAD, UNDP, the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Population Fund (UNFPA), the United Nations Human Settlements Programme (UN-Habitat), the United Nations Children's Fund (UNICEF), the United Nations Industrial Development Organization (UNIDO), the United Nations Office on Drugs and Crime, the World Food Programme (WFP) and the Pan-American Health Organization (PAHO) of the World Health Organization (WHO). In other organizations, South-South cooperation forms part of regular technical cooperation programmes, as seen at the International Atomic Energy Agency (IAEA), the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the United Nations Environment Programme (UNEP), the World Intellectual Property Organization (WIPO) and the World Meteorological Organization (WMO).[18]

44. Apart from individual agencies, funds and programmes developing their own policies and procedures on South-South cooperation, the United Nations system overall is working to strengthen integrated approaches to development in order to incorporate South-South approaches. This is evident in the inclusion of South-South

[20] Resolution 64/222, annex, paras. 21 (a) and (f).

cooperation in the United Nations guidelines for United Nations country teams on preparing common country assessments and the United Nations Development Assistance Framework (UNDAF) process, which is aimed at incorporating South-South cooperation into regional and country-level programmes. Although only explicitly referred to in the current Assistance Frameworks of 17 countries, inter-agency efforts, spearheaded by the UNDP Special Unit for South-South Cooperation, on operational guidelines for the support of the United Nations system to South-South cooperation are under way, as mandated by the High-level Committee on South-South Cooperation.

45. During the period under review, the agencies, funds, programmes and other entities of the United Nations system have established an increased number of strategic partnerships with major providers of South-South development cooperation and have formalized South-led centres of excellence and networks to facilitate South-South sharing of knowledge and development solutions. UNDP has formed strategic partnerships and similar arrangements with Brazil, China and Turkey. ILO has championed the promotion of decent work and, with the support of the Government of Brazil, is engaged in efforts to share information and best practices related to child labour, youth employment, education and health and vocational training in Portuguese-speaking countries in Africa, in the countries members of the Common Market of the South (MERCOSUR) and within the Ibsa Brazil-South Africa dialogue forum.[21]

46. With regard to supporting South-led centres of excellence, UNEP has piloted a South-South cooperation exchange mechanism to enable systematic documentation and sharing of successful case studies on South-South projects and initiatives in the field of the environment and sustainable development. Similar efforts have been made by: UNESCO, which has set up the International Centre for South-South Cooperation in Science, Technology and Innovation, in Kuala Lumpur; UNCTAD, which operates the Network of Centres of Excellence, supporting technology and knowledge transfer to Africa through the training of scientists and technology experts; and UNIDO, which has established the South-South Cooperation Center in Beijing.[22] The UNESCO International Centre for South-South Cooperation in Science, Technology and Innovation is currently creating a clearinghouse of best practices, in coordination with the Academy of Sciences for the Developing World.[23] During the period under review, the Web of Information for Development (WIDE), a web service platform operated by the UNDP Special Unit for South-South Cooperation, has enabled an additional 30 entities within and outside the United Nations system to create and manage their rosters of experts. As of 2011, 69 rosters are actively listed on the site.

47. During the period from 2009 to 2011 inter-agency coordination and collaboration in this field has improved considerably, as evidenced by the increased regularity of inter-agency exchanges of focal points by the Special Unit for South-South Cooperation, as called for by Member States. Two such inter-agency

[21] See http://www.ibsa-trilateral.org.

[22] See http://www.unido.org/index.php?id=4915, and "An overlook of South-South cooperation and triangular cooperation" (draft), March 2011.

[23] In addition to focusing on capacity-building and the exchange of best practices, the centre conducts research and tackles specific problems in science, technology and innovation policymaking in developing countries (see http://www.unesco.org/new/en/natural-sciences/science-technology/sti-policy/centre-for-south-south-cooperation/).

exchanges were convened to review the actions of the United Nations system to carry out the aims set out by Member States in the Nairobi outcome document and to share current practices in South-South cooperation. In addition, the Special Unit for South-South Cooperation, through its three-in-one multilateral South-South support architecture, made up of the Global South-South Development Academy, the Global South-South Development Expo and the South-South Global Assets and Technology Exchange System, has enabled a larger number of United Nations organizations, funds and programmes, including the regional commissions, to document, disseminate and scale-up their South-South initiatives. The Global South-South Development Academy, for example, has piloted a citizenry-based South-South development academy in the Asia-Pacific region during this period. The annual Global South-South Development Expo (hosted in 2009 by the World Bank and in 2010 by ILO) has brought together more than 20 United Nations organizations and agencies, as well as more than 100 other partner entities to showcase and exchange successful development solutions, while also providing a setting for the chiefs of development cooperation entities of the United Nations system to come together and discuss issues of South-South and triangular cooperation. The South-South Global Assets and Technology Exchange System has been established as a transaction platform, which includes a listing of 1,710 projects, 283 matches and 79 business transactions in the area of small and medium-sized enterprises. Transactions in the field of the environment and energy exchanges have also been listed on the system, and listings in the area of global health will be posted in the current period.

48. In addition to an emphasis on knowledge-sharing, the United Nations system has also stressed the need for innovative funding mechanisms to manage South-South and triangular partnerships. Examples include the newly established $30 million FAO trust fund for South-South cooperation supported by China to assist selected African countries; the India-Brazil-South Africa Facility for Poverty and Hunger Alleviation; and the UNESCO South-South Cooperation Fund to support its South-South cooperation programme for education, which is focused on meeting the goal of "education for all" and other Millennium Development Goals through exchanges of experience, knowledge and good practices on a South-South and triangular basis. Another example is the five-year strategic triangular cooperation arrangement between the Republic of Korea and the Special Unit for South-South Cooperation, which was established to facilitate South-South and triangular knowledge-sharing in education, science and technology, renewable energy and resource management, capacity-building and sustainable human development to meet the Millennium Development Goals in the Asia-Pacific region.

III. Remaining challenges, opportunities and recommendations

A. Challenges and opportunities

49. Tremendous progress has taken place among developing countries in the three decades since the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries. During that time a strong global consensus has emerged in support of South-South and triangular cooperation, including the strategic support of both developing and developed countries, and in particular from the leadership of the Group of 77 and

China and the G20. However, despite strong acceleration of economic growth across many parts of the globe that has been spurred by South-South interactions, inequality is on the rise both between and within the countries of the global South.

50. The industrialization and productive capacity imbalances across the global South are affecting national efforts to meet the Millennium Development Goals by 2015. Current data show that quite a number of countries are not on target to meet the Goals, while many that have made significant strides remain mired in poverty. The least developed countries, the landlocked developing countries and small island developing States continue to lag behind, with only three countries having graduated from least developed country status since 1970. This fact underscores the need for greater productive capacity development strategies for the least developed countries as called for at the Fourth United Nations Conference on the Least Developed Countries, held in Istanbul in May 2011.[24] Also noteworthy in this context are the recommendations of the 2010 report of the Office of the Special Adviser on Africa on "Africa's Cooperation with New and Emerging Development Partners: Options for Africa's Development", which urged African countries to develop collective strategies to bolster their voice in interactions with emerging economies to ensure a beneficial outcome for all parties.[11]

51. Within countries of the South, domestic inequality levels present significant challenges to development, particularly among the emerging economies. Recent research shows that 72 per cent of the world's poor, or 960 million people, live in middle-income countries, while only one quarter, roughly 370 million, live in low-income countries.[2] Demands for greater civil liberties as well as the equal distribution of the benefits of economic growth are fuelling the rise in civilian protests, as seen in the "Arab spring", the wave of protests that spread rapidly from Tunisia in late 2010 and into 2011.

52. South-South exchanges continue to increase, heralding a significant transformation in international relations. The ascendancy of the powers of the South, both regionally and globally, has important implications for international negotiations and multilateral priority-setting and has led to an attendant increase in the range of South-South interventions from technical exchanges to deepening economic integration and, increasingly, towards political integration and conflict resolution. This global shift should lead to a real development dividend, underpinned by plans and actions whereby flows of aid, trade and investment from the North are complemented by similar development efforts led by the South to effectively reduce poverty.

53. South-South cooperation has an established track record as a valuable complement to traditional development strategies and to the management of transnational opportunities and challenges. South-South and triangular modalities have been widely adopted by a variety of stakeholders in many sectors, and the efficiency of this type of development cooperation in particular its inclusivity and effectiveness, has been recognized. Since it generally focuses on large scale interventions for improving production capabilities, South-South cooperation offers the comparative advantage of working in concert with traditional forms of development aid, which, in recent years, have tended to focus more on humanitarian and social interventions. This complementarity presents a unique opportunity for

[24] See A/66/134.

dialogue on the emerging development architecture in terms of how best to leverage the advantages of both traditional and South-South forms of assistance, drawing on what has proven to work sustainably in the provision of development assistance by traditional donors and partners of the global South.

54. Multilateral support to South-South and triangular cooperation has grown in reaction to increased demand, although challenges of coordination among various actors and financing remain. The trend among the organizations of the United Nations system towards longer term initiatives that strategically incorporate South-South approaches is a welcome change from ad hoc projects, but the multiplicity of plans, projects and programmes across the system could benefit from the use of stronger coordination entities and mechanisms to further ensure cost-effectiveness and prevent duplication. In addition, the increased use of joint programming, inter-agency coordination and multilateral funding mechanisms, could allow for a greater pooling of resources to help scale up successful initiatives and mobilize the collective human, financial and other resources of the South towards the acceleration of efforts to meet the internationally agreed development goals, including the Millennium Development Goals. However, until the financial needs are met, both in terms of increased funding and allocations targeting multi-country projects and programmes, multilateral support will not be sufficient to achieve the above objectives.

B. Recommendations

55. In order to sustain the current momentum and scale up the impact and contributions of South-South and triangular cooperation for more inclusive, equitable and sustainable human development, the international development community must continue to find ways to turn the challenges faced in the global South into opportunities, with a view to achieving the Millennium Development Goal targets by 2015 and other internationally agreed development goals beyond 2015.

56. As the multilateral system seeks to further intensify its support for South-South and triangular cooperation, the leadership of Member States in development cooperation, including South-South and triangular cooperation, remains vital. Regardless of the development level or size of an economy, every developing country has something to offer under the broad principles and objectives set forth in the Nairobi outcome document. Together, the global South possesses a wealth of information and data, effective knowledge-sharing systems, proven development policy options, tested institutional capacity-building solutions and affordable and appropriate technologies in areas such as food security, climate change and HIV/AIDS research. This knowledge can be more broadly shared, replicated and scaled up across the South.

57. To better serve the development needs and priorities of the Member States, the multilateral system needs further clarification of operational definitions and meaningful performance indicators that will enable it to measure both the scale and the impact of South-South and triangular cooperation at the bilateral, regional, interregional and global levels. In addition, in the Nairobi outcome document, all United Nations organizations, agencies, funds, programmes and regional commissions were encouraged to assist developing countries in enhancing or

establishing centres of excellence in their respective area of competence and to leverage the services of the UNDP Special Unit for South-South Cooperation, including through its multilateral South-South support architecture, consisting of the Global South-South Development Academy, the Global South-South Development Expo and the South-South Global Assets and Technology Exchange System. The United Nations development system holds a comparative advantage in efforts to help developing countries to more systematically gather, consolidate and analyse information on national, regional and interregional South-South initiatives, and the United Nations system is committed to improving its work in this area.

58. The United Nations system must also continue to improve the overarching coherence and coordination of its support for South-South and triangular cooperation. This should be accomplished through the use of innovative joint programmes, multi-country initiatives, stronger multilateral funding and coordination mechanisms and entities. The various members of the United Nations system can no longer act independently in their own South-South and triangular support activities, but must cooperate, enhance coordination and complement each others' efforts.

59. Financial support for South-South cooperation remains a vital need for the United Nations system, in order for it to expand both the dissemination of good practices and successful development solutions and to scale up successful programmes to increase overall effectiveness for more inclusive and sustainable development. While South-South cooperation carried out at bilateral and regional levels will remain the main forums and channels for mutual assistance and learning, persistent global challenges, including food and energy insecurity, climate change and HIV/AIDS, call for increased multilateral approaches, including through the United Nations system. In this regard, it should be recalled that the General Assembly, in its resolution 60/212, designated the United Nations Fund for South-South Cooperation as the main multilateral funding mechanism for Member States to pool voluntary contributions in support of such initiatives.

60. Apart from the traditional actors in South-South and triangular cooperation, Member States and the multilateral system, the private sectors and civil societies of the global South are also critical to sustainable and inclusive development strategies. It is necessary, therefore, that both Member States and the multilateral system give both the private and the civil sectors of society a role in development that complements public policies, thus ensuring that the strengths of every sector of society can be harnessed for more comprehensive development successes across the South.

61. In order for the private sector to effectively and sustainably invest, create jobs and reduce poverty, it is of critical importance that Governments step up South-South cooperation, focusing on the creation of enabling environments, both national and cross-border, through the provision of various public goods, including functioning physical regulatory and legal infrastructures. Greater involvement by civil society organizations would also enrich South-South interactions owing to their shared interest in social and environmental needs and their common concern for gender parity and civil liberties.